



PLACER COUNTY

Multi-Year Budget Framework

March 12, 2013

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County Executive Officer



Why are we here?

- ✓ **Planning for today and tomorrow**
- ✓ **Balancing priorities and revenues**
- ✓ **Long-term sustainability of County operations**

What have we been doing?





✓ July 10, 2012

- 5-year budget strategy
 - ✓ Define challenge, identify options, foundation for future recs

✓ Build from FY 2012-13 Final Budget

✓ Proceed based on priorities

- Dynamic model: Updated rev/exp estimates
-  reliance on carryover fund balance = greater sustainability
- Limit current/future County liabilities
-  one-time solutions for ongoing operations
- Align with County priorities



Budget and Financial Policy

- ✓ **Board adopted policy to guide budget**
 - **1-time revenues for 1-time costs**
 - **Generally conservative approach to revenues/expenditures**
 - ✓ Smooths economic growth or decline
 - **Position for future economic changes**
 - ✓ Build sufficient reserves
 - ✓ Strategically approach new revenues
 - ✓ Focus on cost efficient innovation



Multi-Year Budget Framework

✓ Policy Framework

- **Budget and Financial Policy**
 - ✓ Progress toward reserves and infrastructure
 - ✓ Reduce reliance on fund balance and one-time revenues
- **Phased implementation of priority-based budgeting to align resources to priorities**
- **Distribution of discretionary revenues**
- **Approach to increased cost-of-doing-business**

✓ Fiscal/Operational Implications

- **Most reasonable balance of county priorities within available revenues**



General Fund: *Assumptions*

✓ Policy Approach

✓ Revenues

- Property Tax: Gradual increases next few years
- Sales Tax: Continued growth – 3 to 5%
- Other Revenues: Mostly flat
 - ✓ Realignment revenues change with sales tax
- Watch for changes due to Fed/State actions

✓ Expenditures

- Continue Up-Front OPEB and Retiree Paid Health policies
- Annual increased contributions to Public Safety
- Contribution to Roads and Capital Improvements flat
- Contribution to HHS – FY 2016-17 generally flat with FY 2012-13
 - ✓ Few ups and downs in between
- Approx 40% of cost increases covered – remaining costs absorbed



General Fund

Multi-Year Budget Approach: General Fund

| | | | | | | March 2013 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------|
| | 2012-13 Budget | 2013-14 Projection | 2014-15 Projection | 2015-16 Projection | 2016-17 Projection | |
| Fund Balance Carryover: | \$ 30,513,172 | \$ 26,000,000 | \$ 25,000,000 | \$ 24,000,000 | \$ 23,000,000 | |
| Carryover % of expenditures | 8% | 7% | 7% | 6% | 6% | |
| Revenues: | | | | | | |
| Taxes | \$ 144,164,463 | \$ 148,323,613 | \$ 150,023,239 | \$ 153,583,410 | \$ 158,507,379 | |
| Intergov't'l Revenues | 150,033,162 | 152,389,746 | 154,987,236 | 157,946,085 | 161,549,196 | |
| Other | 44,847,728 | 44,499,535 | 45,268,730 | 44,719,976 | 45,493,312 | |
| Total Revenue & Carryover: | \$ 369,558,525 | \$ 371,212,894 | \$ 375,279,205 | \$ 380,249,471 | \$ 388,549,887 | |
| Expenditures: | | | | | | |
| General Fund Salaries & Benefits | \$ 153,147,179 | \$ 158,524,615 | \$ 163,964,748 | \$ 168,046,238 | \$ 172,172,471 | |
| General Fund Other | 127,703,588 | 129,499,066 | 131,248,081 | 132,652,696 | 134,273,054 | |
| Contribution to Public Safety | 73,145,343 | 75,481,400 | 76,349,132 | 78,098,148 | 80,496,593 | |
| Capital Improvement & Roads | 8,270,896 | 8,270,896 | 8,270,896 | 8,270,896 | 8,270,896 | |
| Total Uses of Funds: | \$ 362,267,006 | \$ 371,775,977 | \$ 379,832,857 | \$ 387,067,978 | \$ 395,213,014 | |
| Cumulative Dept Absorbed Costs | \$ - | \$ (2,986,172) | \$ (7,194,449) | \$ (9,494,777) | \$ (11,867,953) | |
| One-time priorities: Reserves, Infrastructure, Other priorities and Future Occurances | \$ 5,263,246 | \$ 2,423,089 | \$ 2,640,796 | \$ 2,676,270 | \$ 5,204,827 | |
| BOTTOM LINE: | \$ 2,028,274 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | |



Public Safety Fund: *Assumptions*

✓ Policy Approach

- Approach to discretionary revenue

✓ Revenues

- Public Safety Sales Tax (Proposition 172)
- AB 109 (2011 Realignment)
- General Fund Contribution
 - ✓ Increased each year – \$7.3 million by FY 2016-17

✓ Expenditures

- Does not assume any new costs related to opening SPACF



Public Safety Fund

Potential Multi-Year Budget Approach: Public Safety

March 2013

| | 2012-13 Budget | 2013-14 Projection | 2014-15 Projection | 2015-16 Projection | 2016-17 Projection |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fund Balance Carryover | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 |
| Revenues: | | | | | |
| Public Safety Revenue | 59,186,484 | 59,352,457 | 61,277,358 | 62,490,014 | 65,029,659 |
| General Fund Contribution | 73,145,343 | 75,481,400 | 76,349,132 | 78,098,148 | 80,496,593 |
| Total Revenue & Carryover | \$ 135,331,827 | \$ 137,833,857 | \$ 140,626,490 | \$ 143,588,162 | \$ 148,526,252 |
| Expenditures: | | | | | |
| Public Safety Salary & Benefits | 97,948,337 | 102,521,300 | 106,047,261 | 108,928,176 | 111,891,951 |
| Public Safety Other | 42,933,100 | 38,719,667 | 39,546,592 | 40,060,355 | 40,589,131 |
| Total Uses of Funds | \$ 140,881,437 | \$ 141,240,967 | \$ 145,593,853 | \$ 148,988,531 | \$ 152,481,082 |
| BOTTOM LINE | \$ (5,549,610) | \$ (3,407,110) | \$ (4,967,363) | \$ (5,400,368) | \$ (3,954,830) |
| Gap Percentage of Net Budget | 3.94% | 2.41% | 3.41% | 3.62% | 2.59% |



Budgeting for FY 2013-14



FY 2013-14 Budget Development

| Net Budget | | | | | | | |
|---------------------------------|--|---|------------------------|---------------|---------------------------------------|------------------------|--------------|
| Fund | FY 2012-13 Final Budget With Revisions | FY 2013-14 Dept Submitted Base | \$ Change | % Change | FY 2013-14 Department Requested | \$ Change | % Change |
| General Fund | \$ 371,505,608 | \$ 370,622,697 | \$ (882,911) | -0.2% | \$ 374,123,674 | \$ 2,618,066 | 0.7% |
| Public Safety Fund | 142,761,357 | 139,875,738 | (2,885,619) | -2.0% | 154,554,681 | 11,793,324 | 7.6% |
| Public Ways and Facilities Fund | 120,988,663 | 74,795,760 | (46,192,903) | -38.2% | 75,835,760 | (45,152,903) | -59.5% |
| Capital Projects Fund | 79,469,985 | 63,378,168 | (16,091,817) | -20.2% | 63,376,668 | (16,093,317) | -25.4% |
| Other Funds | 33,965,770 | 26,835,338 | (7,130,432) | -21.0% | 27,147,196 | (6,818,574) | -25.1% |
| Provision to Reserves | 9,278,338 | 0 | (9,278,338) | -100.0% | 0 | (9,278,338) | 0.0% |
| All Operating Funds | \$ 757,969,722 | \$ 675,507,701 | \$ (82,462,021) | -10.9% | \$ 695,037,979 | \$ (62,931,743) | -9.1% |



Supplemental Requests

| Supplemental Requests | | | | | |
|-----------------------|-------------------|--------------------|-------------------|------------------|------------------|
| Fund | Expenditures | (Revenue) | NCC | 1-Time NCC | Ongoing NCC |
| General Fund | 3,457,968 | (209,575) | 3,248,393 | 1,993,367 | 1,255,026 |
| Public Safety Fund | 15,258,624 | (3,606,569) | 11,652,055 | 3,546,369 | 8,105,686 |
| County Library Fund | 144,372 | (244,372) | (100,000) | - | (100,000) |
| Fire Protection Fund | 167,486 | (57,000) | 110,486 | - | 110,486 |
| ISF and ENT Funds | 537,253 | (850,597) | (313,344) | - | (850,597) |
| Total | 19,565,703 | (4,968,113) | 14,597,590 | 5,539,736 | 8,520,601 |



FY 2013-14 Considerations

✓ **Unbudgeted revenues**

- **General Fund**

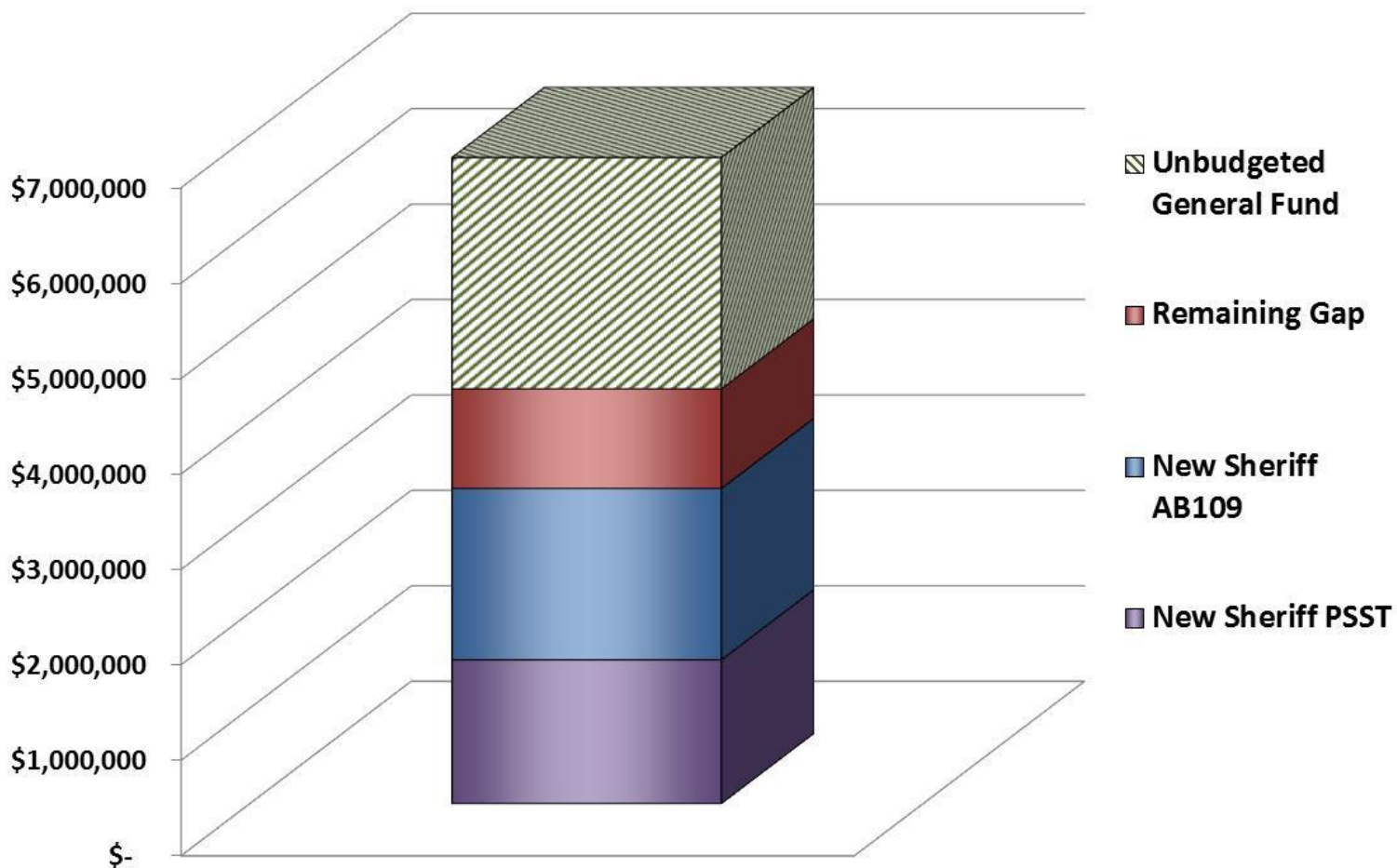
- ✓ **GF reserves**
- ✓ **Infrastructure**
- ✓ **Supplemental requests**
- ✓ **South Placer Adult Correctional Facility (SPACF)**
- ✓ **One-time or other Board priorities**

- **Public Safety Fund**

- ✓ **Public Safety Sales Tax**
- ✓ **AB 109**



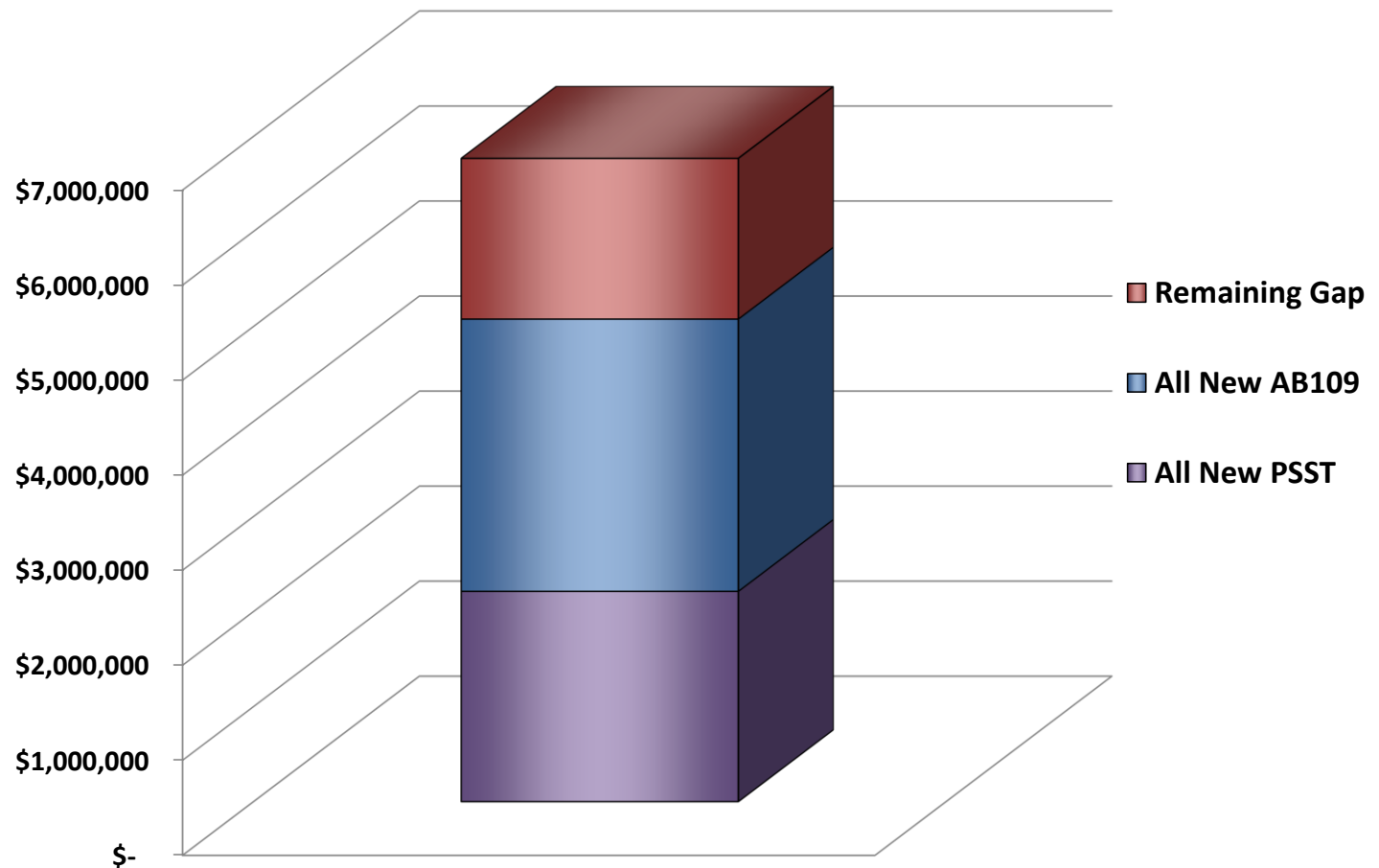
SPACF Options



Potential FY 2013-14 cost based upon Sheriff's supplemental request.



SPACF Options



Potential FY 2013-14 cost based upon Sheriff's supplemental request.



SPACF – what's next?

- ✓ **Sheriff/CEO to develop plan**
 - **Phased opening**
 - ✓ Year 1, year 2, future costs, beds, etc.
 - **Maximize operational efficiencies**
- ✓ **Approach to unbudgeted revenues**



Requested Action

- ✓ **Board direction on multi-year budget framework**
- ✓ **Direct staff to develop FY 2013-14 Budget consistent with multi-year budget framework**
- ✓ **Provide other direction as may be appropriate**



Next Steps

- ✓ **Prepare FY 2013-14 Budget consistent with multi-year framework**
 - **Proposed Budget targeted for June 4**
- ✓ **Infrastructure project priorities and funding plan**
- ✓ **SPACF phased opening plan**
- ✓ **Middle Fork Project policies and priorities**



THANK YOU!